

AMENDMENTS TO THE SPECIFICATION

Please amend the paragraph beginning on page 3, line 8, as follows:

There are three typical valuation methods that are used in perpetual inventory accounting systems. These methods include First-In, First-Out (FIFO), Last-In, ~~Last-Out~~ First-Out (LIFO), and average cost methods. The FIFO method assumes that the first item to come into the inventory are the first items sold, so the ~~most recent~~ oldest unit cost is used to determine the inventory's value. The LIFO method assumes that the last item to come into the inventory are first items sold, so that the ~~oldest unit~~ most recent cost is used to determine the inventory's value. The average cost method uses the average unit cost for all items that were available for sale during the accounting period. The average cost is the total cost of all goods divided by the number in stock.

Please amend the paragraph beginning on page 7, line 13, as follows:

FIGS. 4-~~65~~ are block diagrams of exemplary general ledgers, each of which include entries that have been posted in accordance with embodiments of the method illustrated in the flowchart of FIG. 3.

Please amend the paragraph beginning on page 7, line 17, as follows:

FIG. ~~76~~ is a flowchart illustrating a method of editing an original transaction that has been posted to a general ledger, in accordance with an embodiment of the invention.

Please amend the paragraph beginning on page 7, line 21, as follows:

FIG. 87 is a block diagram of an exemplary general ledger to which entries have been posted in accordance with the method illustrated in the flowchart of FIG. 7.

Please amend the paragraph beginning on page 19, line 20, as follows:

FIG. 3 is a flowchart of a method of maintaining a general ledger in a computerized inventory accounting system utilizing a perpetual average inventory valuation. The method can be implemented in a suitable computing system, such as the system 100 (FIG. 1) described above, through the execution of program instructions that correspond to the steps of the method. Embodiments of the method of the present invention will be described with reference to an exemplary general ledger 210, such as is shown in the block diagram of FIG. 4. The general ledger 210 initially includes inventory transactions including an inventory purchase transaction 212 and an inventory sales transaction 214. The inventory purchase transaction 212 includes a purchase of ten items for inventory at a cost of \$100.00 on a transaction date (i.e., date of the actual transaction) of January 1st, which is posted in the general ledger 210 as a debit to the inventory account 216. Assuming that the purchase constitutes the entire inventory, the rate for each item in inventory in accordance with the perpetual average valuation method is \$10.00. The inventory sales transaction 214, having a transaction date of January 5th, includes a sale of five items. The amount posted in the general ledger 210 is \$50.00 in the credit column of the inventory account 216, which corresponds to the cost of the goods sold based upon the valuation for the items at the time of the transaction. In accordance with double entry bookkeeping methods, a corresponding debit is recorded in the Cost of Goods Sold (COGS) account 218 of the general ledger 210. As a result of the inventory transactions 212 and 214, there remain ~~two~~ five items in inventory that are valued at a rate of \$10.00 each.

Please amend the paragraph beginning on page 21, line 21, as follows:

The present invention avoids refreshing or modifying the inventory purchase transaction 222 posted to the general ledger 210, which would violate the sanctity of the general ledger 210.

Instead, at step 228 of the method, an adjustment value 230 is calculated corresponding to a change in the first amount 223 of the inventory purchase transaction 222 due to the change in the first rate, which is then posted to the general ledger 210 as a corrective transaction 232, at step 234 of the method. Accordingly, the adjustment value 230 corresponds to a difference between the amount that should have been posted to the general ledger 210 for the inventory transaction posting 222 and the first amount ~~230-223~~ that was actually posted to the general ledger 210.

Please amend the paragraph beginning on page 24, line 8, as follows:

An example of situation (b) will be discussed with reference to the exemplary general ledger 210 of FIG. 5. Initially, the general ledger 210 includes the purchase and sales transactions 212 and 214 dated January 1st and January 5th, respectively, as described above. The general ledger 210 also includes a posting of the inventory sales transaction 222 on January 7th (first transaction date) at a first rate (w) of \$10.00 each for a quantity of seven (first quantity x) items, of which two (out-of-stock quantity y) items were out of stock. Following the posting of the inventory sales transaction 222, an item receipt for a purchase of five (second quantity p) items at a second rate (r) of \$8.00 each is discovered having a second transaction date of January 4th, which predates the first transaction date of transaction 222. The discovered inventory purchase transaction is posted to the general ledger 210 on January 9th as inventory purchase transaction 240. As a result, the second quantity of purchased items p (5) is greater than the out-of-stock quantity y (2). In accordance with this embodiment of the invention, the adjustment value 230 is calculated in accordance with Equation 1 resulting in an adjustment value of ~~positive \$5.00~~ negative \$4.00.

Please amend Equation 1 beginning on page 25, line 4, as follows:

Adjustment

$$\begin{aligned}
 \text{Value} &= (y*r) + ((x-y) * w) - (x*w) && \text{Eq. 1} \\
 &= \underline{y*(r-w)} \\
 &= (5*8) + ((7-2) * 10) - (7*10) \\
 &= \underline{\$5.00 - \$4.00}
 \end{aligned}$$

Please amend the paragraph beginning on page 25, line 5, as follows:

As stated above, when the adjustment value 230 is negative, the corrective transaction 232 is posted by debiting the inventory account 216 and crediting the COGS account 218. When the adjustment value 230 is positive the corrective transaction 232 is posted by crediting the inventory account 216 and debiting the COGS account 218. Accordingly, for this example, the posting of the corrective transaction 232 at step 234 of the method results in the ~~crediting~~ debiting of the inventory account 216 and the ~~debiting~~ crediting of the COGS account 218 by ~~\$5.00~~ \$4.00, as shown in FIG. 5.

Please delete the heading on page 25, lines 17-18.

Please delete the paragraph beginning on page 25, line 19.

Please delete Equation 2 beginning on page 26, line 18.

Please delete the paragraph beginning on page 26, line 19.

Please amend the paragraph beginning on page 28, line 1, as follows:

FIG. 76 is a flowchart illustrating the steps of the method and FIG. 87 is a schematic diagram of an exemplary general ledger 210 containing postings in accordance with the method. For this example, the general ledger initially contains the purchase transaction 212 dated January 1st, described above. Additionally, the general ledger includes an original inventory transaction posting, such as an inventory sales transaction 250, for \$50.00 (first amount) that consists of a sale of 5 items (first quantity) at a rate of \$10.00 (first rate) on January 5th (first transaction date). The first amount is credited to the inventory account and debited from the COGS account.

Please amend the paragraph beginning on page 28, line 15, as follows:

At step 252 of the method, a nullifying inventory transaction having the first amount is posted to the general ledger for the first transaction date in a manner that operates to nullify the original inventory transaction posting. In the example shown in FIG. 87, a nullifying transaction 254 is posted to the general ledger 210 for the first transaction date of January 5th and for the first amount of \$50.00, which is debited from the inventory account 216 and credited to the COGS account 218 to thereby negate the original inventory transaction 250.

Please amend the paragraph beginning on page 29, line 19, as follows:

In accordance with another embodiment of the invention, a system date 260 (FIGS. 4-65 and 87) is entered in the general ledger for posted transactions. The system date 260 is the date on which the transaction is actually posted to the general ledger 210. The system date 260 allows an auditor or accountant to chronologically follow the postings to the general ledger 210 and thereby assist them in understanding each of the posted transactions including predated transactions and corrective transactions.